

OHIO FARM LAND ACQUIRED BY LIFE INSURANCE
COMPANIES THRU FORECLOSURE
IN 1929

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The large number of farm mortgage foreclosures in western Ohio during recent years is of concern to present and prospective owners of farm real estate and to the various financial institutions making farm loans. Loans made by Life Insurance Companies represent an appreciable portion of the total farm loans in Ohio. The data for the following tables and charts were secured from Schedules "A" and "B" of the annual statements filed with the State Division of Insurance. This paper shows the situation as it existed on January 1, 1930, comparable data for previous years, and changes that have taken place in 1927, 1928 and 1929.

Farm Mortgages.— Of the 136 life insurance companies authorized to write insurance in Ohio, 27 held mortgages on Ohio farm real estate on Jan. 1, 1930.

Table 1.— Amount of Ohio Farm Mortgages Unpaid, Jan. 1, 1930 and 1929, and Loans Made on Farm Property in Ohio During 1929 and 1928

| Company number | <u>Unpaid January 1st.</u> | | <u>Loaned during year</u> | |
|----------------------|----------------------------|--------------|---------------------------|-------------|
| | 1930 | 1929 | 1929 | 1928 |
| 1 | \$17,891,442 | \$18,462,229 | \$948,678 | \$1,424,037 |
| 2 | 11,738,757 | 11,843,126 | 1,079,744 | 2,192,997 |
| 3 | 7,316,627 | 7,262,545 | 715,593 | 85,832 |
| 4 | 7,040,925 | 6,507,844 | 1,075,791 | 1,116,587 |
| 5 | 4,521,488 | 4,108,000 | 816,130 | 745,114 |
| 6 | 2,304,095 | 2,309,176 | 308,200 | 366,057 |
| 7 | 1,155,757 | 1,517,448 | 6,500 | 0 |
| 8 | 1,089,131 | 1,160,660 | 3,132 | 4,010 |
| 9 | 1,062,823 | 846,813 | 240,600 | 374,700 |
| 10 | 1,006,199 | 1,157,977 | 24,930 | 43,417 |
| 11 | 932,763 | 1,079,165 | 23,705 | 7,076 |
| Total, 11 companies | \$56,051,007 | \$56,254,983 | \$5,243,003 | \$6,359,827 |
| 16 other companies | 2,197,423 | 2,379,569 | 277,653 | 237,502 |
| Total, all companies | \$58,248,430 | \$58,634,552 | \$5,520,656 | \$6,597,329 |

* Being a revision of a mimeograph, written in June 1929, by P. G. Minneman.

As shown in Table 1, these 27 companies decreased their total holdings of outstanding, unpaid loans during the year by \$386,122 or less than one per cent. Total loans made during 1929 were about one-sixth less than the total loaned during 1928. It is apparent that companies 7, 8, 10 and 11 are not investing as heavily in farm mortgages now as in the past, very small percentages of their total mortgage loans having been made in 1928 or 1929. For 23 companies reporting a total of 10,300 farm mortgages in Ohio, the average amount unpaid on Jan. 1, 1930 was \$5,485 per mortgage.

Table 2.- Data Concerning Life Insurance Companies' Farm Mortgage Loans Upon Which Interest is Overdue *

| Company number | Average rate of interest | Average duration of loan | Average per farm | | |
|----------------|--------------------------|--------------------------|------------------|---------------------|-----------|
| | | | Amount of loan | Appraised Valuation | |
| | Pct. | Yr. | Dol. | Land | Buildings |
| | | | | Dol. | Dol. |
| 1 | 5.1 | 8.3 | 7,300 | 18,682 | 2,822 |
| 2 | 6.2 | 19.0 | 6,964 | 17,881 | 3,574 |
| 3 | 5.5 | 14.1 | 8,363 | 19,140 | 2,579 |
| 4 | 5.2 | 5.4 | 8,265 | 18,800 | 3,454 |
| 6 | 6.5 | 5.3 | 7,163 | 15,325 | 3,806 |
| 10 | 5.4 | 7.5 | 7,042 | 14,039 | 1,644 |
| 11 | 5.7 | 20.7 | 6,351 | 14,067 | 2,143 |
| Average | 5.7 | 10.1 | 7,410 | 17,353 | 3,042 |

* From Annual Statements, December 31, 1929, 'Schedule B, part 3.' The schedule does not differentiate between farm loans and loans on other property, but by considering the relative values of land and buildings it was possible to select the farm loans in most cases. Only those companies that had enough of these loans listed in this schedule to make an adequate sample are shown here. A total of 262 loans are represented in the average.

The rate of interest on individual farm loans varied from 5 to 7 per cent, the average of all loans being 5.7 per cent. The average duration or term of the loans was 10.1 years. However, more loans were for 5 years than for any other term.

Of the 262 loans reported in Table 2, 120 were for 5 years, 66 for 10 years, 31 for 20 years, 14 for 21 years, and 31 for terms ranging from 6 to 29 years. The average farm loan was about 43 per cent of the appraised valuation of the land alone.

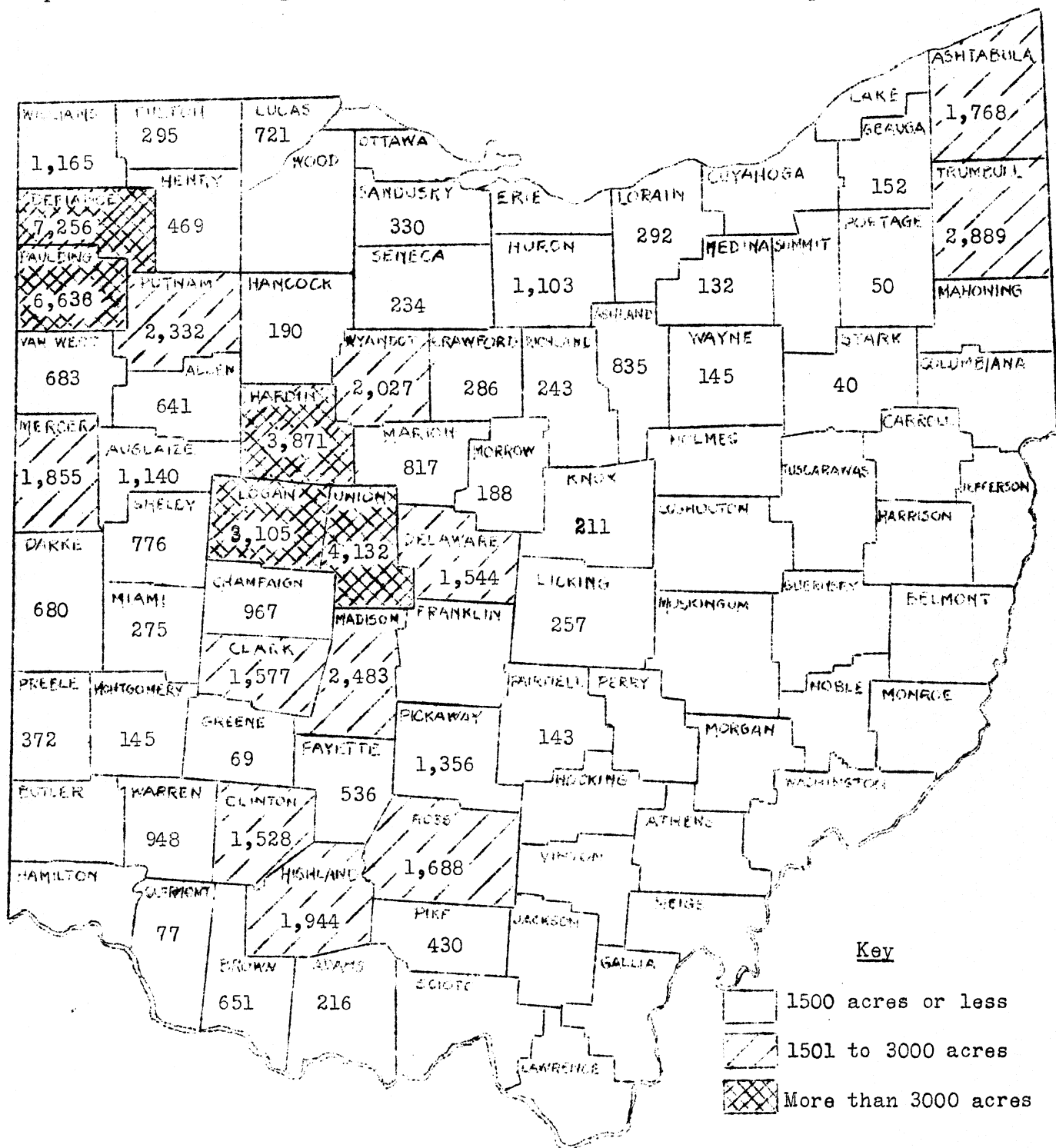
Farm Land Owned.- On Jan. 1, 1930, sixteen life insurance companies owned farms in Ohio. In Table 3, these companies are arranged according to the number of farms to which they held title. Included in the 418 farms owned Jan. 1, 1930 was a total of 36 farms under sales contract.

Table 3.- Ohio Farms Owned by Life Insurance Companies on Jan. 1, 1930, 1929 and 1928.

| Company number | Farms owned Jan. 1st. | | | Total area owned Jan. 1st. | | |
|-------------------|-----------------------|-------------|-------------|----------------------------|---------------|---------------|
| | 1930 No. | 1929 No. | 1928 No. | 1930 Acres | 1929 Acres | 1928 Acres |
| 7 | 122 | 93 | 20 | 17,632 | 14,385 | 3,158 |
| 1 | 67 | 44 | 26 | 11,650 | 7,045 | 3,981 |
| 10 | 47 | 32 | 19 | 5,502 | 3,984 | 2,377 |
| 6 | 45 | 36 | 40 | 8,045 | 6,232 | 6,547 |
| 2 | 37 | 10 | 3 | 5,495 | 1,396 | 204 |
| 3 | 35 | 16 | 6 | 5,430 | 2,689 | 1,106 |
| 11 | 18 | 8 | 1 | 3,200 | 1,591 | 56 |
| 4 | 17 | 6 | 4 | 2,061 | 780 | 482 |
| 13 | 9 | 6 | 2 | 1,177 | 1,059 | 382 |
| 5 | 7 | 4 | 2 | 756 | 479 | 319 |
| 19 | 4 | 4 | 4 | 578 | 578 | 578 |
| 8 | 4 | 1 | 1 | 620 | 100 | 100 |
| 12 | 2 | 2 | 2 | 212 | 212 | 212 |
| 16 | 2 | 1 | 0 | 1,004 | 501 | 0 |
| 24 | 1 | 1 | 1 | 105 | 105 | 105 |
| 18 | 1 | 1 | 0 | 1,432 | 1,432 | 0 |
| Total | 418 | 265 | 131 | 64,899 | 42,568 | 19,607 |

Table 3 shows that a total of 353 of these foreclosed farms were owned by six of the companies. The total acreage owned by all companies more than

Map A.- Ohio: Acreage of Farm Land Owned by Life Insurance Companies, Jan. 1, 1930.



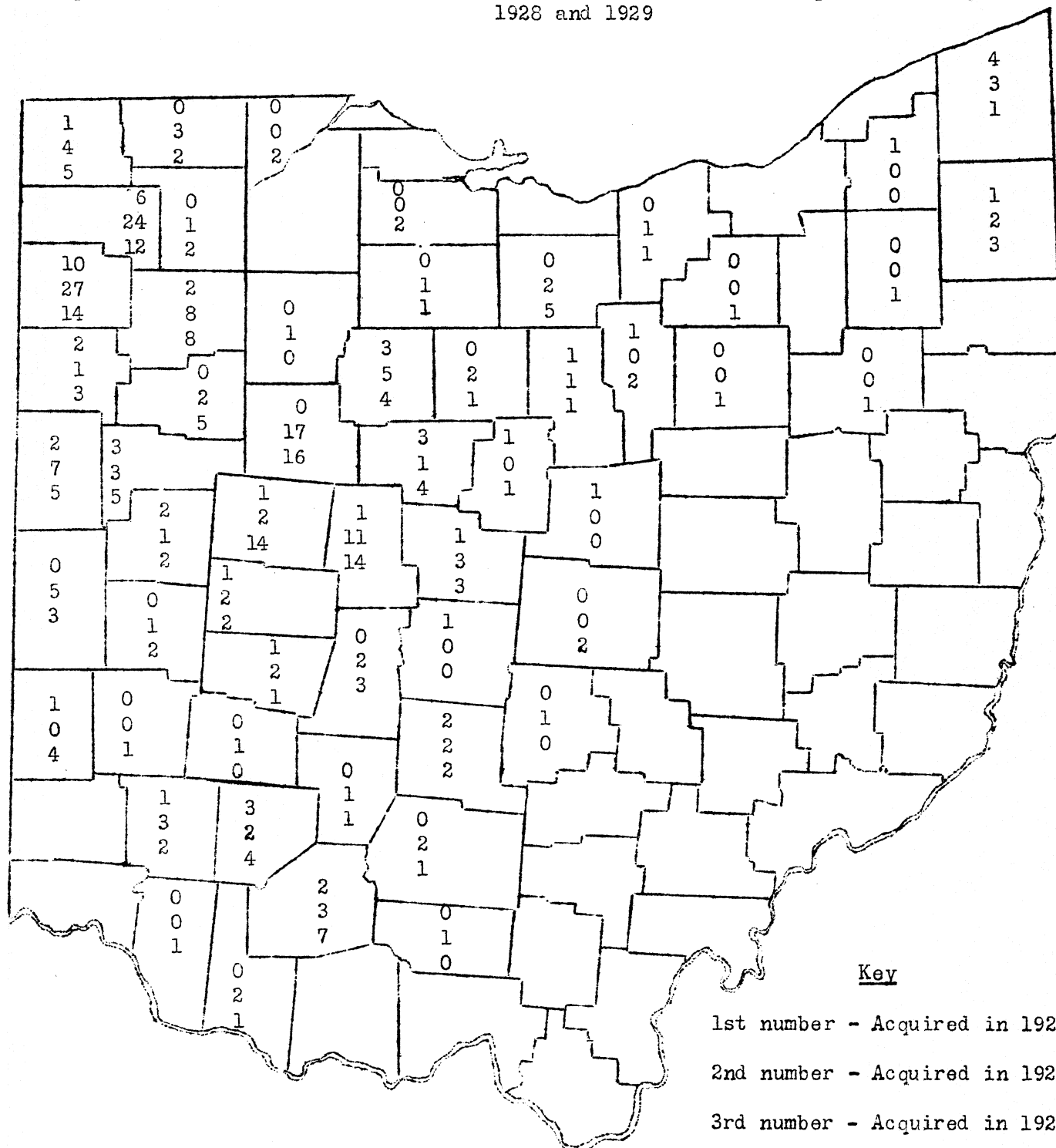
No records were available as to the number of loans that have been made in different parts of the state.

doubled during 1928 and increased again an almost equal amount in 1929. Map A shows the total number of acres owned on Jan. 1, 1930, the greatest concentration being in Defiance and Paulding counties and the next in Union, Hardin and Logan counties. From Table 4 it is apparent that more than three times as many farms were acquired thru foreclosure in 1929 as were so acquired in 1927. The average cost of farms acquired by these companies was \$58.62 per acre in 1927, \$57.39 per acre in 1928 and \$56.53 per acre in 1929. Map B shows the distribution of farms acquired by foreclosure each of the three years.

Table 4.- Ohio Farms Acquired by Life Insurance Companies During 1929, 1928 and 1927

| Company number | Farms acquired | | | Total area acquired | | |
|-------------------|----------------|------|------|---------------------|--------|-------|
| | 1929 | 1928 | 1927 | 1929 | 1928 | 1927 |
| | No. | No. | No. | Acres | Acres | Acres |
| 7 | 33 | 74 | 9 | 3,947 | 11,268 | 1,467 |
| 1 | 28 | 21 | 10 | 5,242 | 3,408 | 1,644 |
| 10 | 16 | 13 | 11 | 1,607 | 1,607 | 1,280 |
| 6 | 15 | 6 | 9 | 2,751 | 885 | 1,413 |
| 2 | 31 | 18 | 3 | 4,483 | 2,142 | 244 |
| 3 | 19 | 11 | 6 | 2,741 | 1,692 | 1,010 |
| 11 | 14 | 7 | 1 | 2,190 | 1,535 | 100 |
| 4 | 12 | 3 | 3 | 1,361 | 378 | 320 |
| 13 | 4 | 5 | 1 | 285 | 786 | 273 |
| 5 | 3 | 4 | 2 | 276 | 439 | 199 |
| 19 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | 3 | 0 | 1 | 520 | 0 | 100 |
| 12 | 0 | 0 | 2 | 0 | 0 | 212 |
| 16 | 1 | 1 | 0 | 503 | 501 | 0 |
| 24 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | 0 | 1 | 0 | 0 | 11,432 | 0 |
| Total | 179 | 164 | 58 | 25,906 | 26,073 | 8,262 |

Map B.- Ohio: Number of Farms Acquired by Life Insurance Companies during 1927,
1928 and 1929



Completed sales of these foreclosed farms have not been taking place at a very rapid rate. Only 26 farms were sold in 1929, as shown in Table 5. The acreage sold was nearly double that disposed of in 1927. The average sale price was \$54.02 per acre in 1927, \$57.61 in 1928, and \$52.22 in 1929. As stated previously, 36 additional farms were being sold under contract; small down payments had been made previous to Jan. 1, 1930, but the companies still retained title.

Table 5.- Ohio Farms Sold by Life Insurance Companies During 1929, 1928 and 1927

| Company number | Farms sold | | | Total area sold | | |
|-------------------|------------|------|------|-----------------|-------|-------|
| | 1929 | 1928 | 1927 | 1929 | 1928 | 1927 |
| | No. | No. | No. | Acres | Acres | Acres |
| 7 | 4 | 0 | 1 | 375 | 0 | 120 |
| 1 | 5 | 2 | 0 | 636 | 267 | 0 |
| 10 | 1 | 0 | 1 | 79 | 0 | 80 |
| 6 | 6 | 9 | 10 | 938 | 1200 | 1174 |
| 2 | 4 | 9 | 2 | 384 | 860 | 140 |
| 3 | 0 | 1 | 0 | 0 | 109 | 0 |
| 11 | 4 | 0 | 0 | 581 | 0 | 0 |
| 4 | 1 | 1 | 0 | 80 | 80 | 0 |
| 13 | 1 | 1 | 0 | 168 | 109 | 0 |
| 5 | 0 | 2 | 1 | 0 | 279 | 40 |
| 19 | 0 | 0 | 1 | 0 | 0 | 120 |
| Total | 26 | 25 | 16 | 3241 | 2904 | 1674 |

In addition to the 418 farms owned by life insurance companies on Jan. 1, 1930 there were 93 more in process of foreclosure on that date. On Jan. 1, 1929 these same companies had started foreclosure proceedings on a total of 113 farms. These figures indicate that the peak of foreclosures may have been passed. The distribution of farms on which foreclosure proceedings had been started Jan. 1, 1930 is shown in Map. C.

Map C.- Ohio: Number of Farm Mortgages Being Foreclosed by Life Insurance Companies
Jan. 1, 1930



Table 7.- Relation of Ohio Farm Mortgages Outstanding Jan. 1, 1929 to Farm Foreclosures Made in Ohio During 1929, by Companies

| Company number | Farm mortgages unpaid Jan. 1, 1929 | | Farms acquired thru foreclosure in 1929 | | | Per cent of mortgaged farms foreclosed during year |
|----------------|------------------------------------|--------------|---|--------|-----------|--|
| | No. | Amount | No. | Acres | Cost | |
| 1 | 2,733 | \$18,462,229 | 28 | 5,242 | \$274,564 | 1.02 |
| 2 | 2,725 | 11,843,126 | 31 | 4,483 | 266,908 | 1.14 |
| 3 | 1,324 | 7,262,545 | 19 | 2,741 | 137,624 | 1.44 |
| 4 | 1,277 | 6,507,844 | 12 | 1,361 | 89,587 | 0.94 |
| 5 | 746 | 4,108,000 | 3 | 276 | 15,289 | 0.40 |
| 6 | 380 | 2,309,176 | 15 | 2,751 | 139,036 | 3.95 |
| 7 | * | 1,517,448 | 33 | 3,947 | 212,433 | ---- |
| 8 | 94 | 1,160,660 | 3 | 520 | 49,923 | 3.19 |
| 9 | 165 | 846,813 | 0 | 0 | 0 | 0 |
| 10 | 228 | 1,157,977 | 16 | 1,607 | 106,533 | 7.02 |
| 11 | 188 | 1,079,165 | 14 | 2,190 | 140,177 | 7.45 |
| Others | ** | 2,379,569 | 5 | 788 | 32,489 | ---- |
| Total | ** | 58,634,552 | 179 | 25,906 | 1,464,563 | ---- |

* Number of mortgages not reported.

** Not reported for all companies.

For all companies the cost of farm foreclosures was 2.5 per cent of the total investment in farm mortgages. By way of comparison the cost of foreclosures on city properties was only 0.25 per cent of life insurance companies total investment in city mortgages.

Operation of Foreclosed Farms. About June 1, 1929, inquiry was made as to the method of operating farms owned by life insurance companies at that time. It was found that the farms which had gone thru the process of foreclosure were usually in a run-down condition and required considerable repair before they could be satisfactorily rented or offered for sale. In general, the life insurance companies were making repairs and improvements according to the type of operation

or time of sale. Farms that were to be cash rented or immediately sold were not being improved to the same extent as those to be operated by hired labor or those to be held for a period of years. Most companies offered their farms for sale continually. The company owning the largest number of farms was an exception.

The company's farm loan correspondents, thru whom loans had been made, were usually responsible for the foreclosed farms, but in a few cases these farms were under direct supervision of representatives from the company's home office.

Ten companies gave information as to the operation of 285 farms as of June 1st., 1929. Only two companies operated any farms with hired labor, but the number of farms so operated was 54, or 19 per cent of the total. All others were operated by tenants. The crop-share system, or "grain rent", combined with a cash charge for pasture, was the most common type of renting. All companies employed it to some extent, 210 farms or 74 per cent of the total number being operated in this manner. The cash rental system was used by five companies, but on a total of only 12 farms. A livestock-share system of renting was used by only one company on a total of 9 farms. No companies reported the use of a "thirds" share system in which the landlord furnishes all equipment and livestock, leaving the tenant to furnish only the labor. With the exception of one company operating with hired labor the trend in method of handling these farms is decidedly toward the crop-share system.

